CARLETON UNIVERSITY, Department of Economics

ECON 3601A: Introduction to International Trade (Fall 2024)

Professor: Z. Yu (Email: zhihao.yu@carleton.ca)
In-person Lectures: Tuesdays 11:35am-2:25pm
Instructor's Office Hours: TBA (LA/Loeb B852)

TA: TBA

PREREQUISITES:
The prerequisites for this course are ECON 1000 or FYSM 1003. Prerequisites (and preclusions) will be checked and strictly enforced by the Economics Department. Students lacking the necessary requirements will be de-registered. If you believe that you have an equivalent background or a similar course from other university, then you must contact the Department of Economics Undergraduate Administrator.

PRECLUSIONS:
Credit for this course will not be given if taken concurrently with or after ECON 4601. This course also precludes additional credit for ECON 3600.

OBJECTIVES:
In the first part of the course, several important concepts (such as comparative advantage, terms of trade, etc.) will be introduced as well as the classical trade theory. In the second part of the course, the neoclassical framework will be introduced, which is then applied in the Factor Proportions Theory of international trade. The third part of the course is an introduction to some new trade theory and some issues on trade policy.

REQUIRED TEXTBOOK
Paul R. Krugman, Maurice Obstfeld, and Marc Melitz, *International Economics* (Pearson) 12nd edition. Optional: Additional study materials are available via MyLab Economics with Pearson eText – check with CU Bookstore. **Pearson MyLab Economics Course ID**: TBA). **Important:** If you use a different edition (e.g. 12nd global edition, or a previous edition), please make sure to do the homework according to the edition we use.

COURSE WORK: Class attendance and preview of the course materials are essential. In addition, I will provide **Two Problem Sets** (including the problems from your weekly homework, and more). These are a very important part of the course and shall be very helpful for writing the exams. While you are encouraged to discuss course material with others, all written assignments should be completed without collaborating. **Important:** the deduction for overdue homework/assignments is 50% (75%, 100% - i.e. zero marks) of your total mark for the first 0h-24h (the second 0h-24h, the third 0h-24h and afterwards) after the deadline, respectively.

EVALUATION:
Two Problem Sets: 15% (7.5% each)
Class Participation[1]**:** 10%
Midterm 1 (in-class/person): 30% on **October 15**
Midterm 2 (in-class/person): 35% on **November 19**
End-of-Term Assignment: 10% (fixed-duration within a period of 24 hours, Due on **December 6**)

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[1] Students who miss more than half of the classes will not be allowed to write the Tests (if written, their exams will not be graded).

Important: (i) A student will receive a zero mark for the missing a midterm unless he/she submits a e-copy of the **Self-declaration for Academic Consideration From** (https://carleton.ca/registrar/wp-content/uploads/self-declaration.pdf) to the Instructor, either before the exam or within 48 hours after. (ii) the deferred midterm will either be combined into the subsequent midterm (i.e. you will then write a different midterm with the combined weights) or be scheduled by the Department of Economics within a week (note: even though the time might not be good for you if we have multiple cases). A maximum of missing one midterm is permitted.

Plagiarism
Please be aware that plagiarism is a serious offence at Carleton and should be recognized and avoided. For further information on how to do so, please see https://carleton.ca/economics/plagiarism-resources-and-accommodations/

Academic Accommodation: You may need special arrangements to meet your academic obligations during the term. For an accommodation request, please visit: **students.carleton.ca/course-outline**

COURSE OUTLINE (The problems listed below can be found at the end of each chapter)

I: Introduction and Classical Trade Theory

I.1. Introduction
Readings: Chs. 1 & 2 in KOM; Review Math.
A documentary by CNA (**https://youtu.be/BQ23sgi_mgw?si=03dJXziSjgtJ8ASc**)

I.2. Labour Productivity and Comparative Advantage: The Ricardian Model

Readings: Ch. 3 in KOM;
Homework: Problems #1, 2, 3, 4 and 5.

II: Factor Endowment and Neoclassical Trade Theory

II.1. The Specific Factor Model and Income Distribution

Readings: Ch. 4 in KOM;
Homework: Problems # 2, 3, 4, 5 and 6.

II.2. Resource and Trade: The Heckscher-Ohlin Model

Readings: Ch. 5 in KOM;
Homework: Problems #2 and 3.

II.3. Terms of Trade and Gains from Trade

Readings: Ch. 6 in KOM;
Homework: Problems #1, 2 and 7.

II.4. Economies of Scale, Imperfect Competition, and Trade

Readings: Ch. 7 in KOM.
Homework: Problems #1, and 5.

<center>**III: Trade Policy**</center>

III.1. The Instruments of Trade Policy

Readings: Ch. 9 in KOM;
Homework: Problems #1, 2, 3, 4 and 9.

III.2. The Political Economy of Trade Policy

Readings: Ch. 10 in KOM;
Homework: Problem #2.

III.3. Trade Policy in Developing Countries

Readings: Ch. 11 in KOM;
Homework: Problem #5.

III.4. Controversies in Trade Policy

Readings: Ch. 12 in KOM.
Homework: Problems #1, 2 and #4